

AIR Option 2 Frequently Asked Questions

Q: Can an institution submit more than one proposal to AIR Option 2?

A: Yes, the restriction is that a particular PI may submit to Option 1 or Option 2 but not both and a PI may submit only one proposal.

Q: Can industry/practitioner members of a Center be third party investors for the purposes of Option 2 of the AIR solicitation?

A: Yes, but only if the member invests money above and beyond their Center industry membership fees. Center industry membership fees may not be counted as third party investment.

Q: Does an EPSCoR institution qualify for Option 2 of AIR?

A: No. Only an actively funded NSF research alliance (such as an Industry/University Collaborative Research Center, Engineering Research Center, Science of Learning Center, Nanoscale Science and Engineering Center, etc) is eligible to submit a proposal.

Q: Is a PFI award considered an NSF research alliance for the purposes of Option 2?

A: Yes.

Q: Can a *partner* institution (in other words, an institution other than the lead institution) of an active NSF research alliance submit a proposal for Option 2 of the AIR solicitation?

A: No. The submitting institution must be the lead institution, and the PI of the AIR Option 2 proposal must be the PI or co-PI listed on the NSF research alliance award.

Q: What are the ownership or licensing rights of the third party funders to the technology produced by the collaboration?

A: That agreement must be worked out between the proposing NSF research alliance and the third party funder(s). NSF will not get involved.

Q: Can a participating entity in the Research Alliance proposal (Option 2) be both a partner and a 3rd party funder?

A: Yes.

Q: Are there any special overhead rates for AIR?

A: Funds from NSF will be subject to the normal overhead rates for the university.

Q: Does the LOI require a letter of support from the third party investor(s)?

A: No. The LOI requires identification of the research party(ies) and third party investor(s) and not a letter of support. The letters of commitment from the third party investor(s) are required at the time of submission of the proposal.

Q: Would we be able to add or change partners or 3rd party funders after submission of the LOI?

A: Yes. Partners and 3rd party funders can be added or changed between the submission of the LOI and the proposal. After the proposal is submitted, no more changes will be accepted.

Q: We have a 3rd party investor who will provide funding directly to one of the partners in the proposed Research Alliance partnership and not through the submitting university. Can this be counted as 3rd party investment?

A: No. Only 3rd party funds that are provided through the university to the proposed partnership can be counted as part of the 3rd party investment.

Q: Are there constraints on when the third party investor funds are infused into the partnership?

A: There must be a letter of commitment from the expected third party investors in the supplementary documents section of the proposal. If selected for award, the funding should preferably be available to the Research Alliance partnership at the time of the NSF award, but must be in place no later than the end of the first year of the award.

Q: When is the expected award date?

A: August 15, 2011.

Q: Are foreign companies acceptable partners and/or third party funding sources?

A: Yes, however NSF is not responsible for the type of agreement reached between the potential grantee and the third-party investor, or the type of intellectual property (IP) information released to the third-party, or IP agreement reached with the partner(s).

Q: Would third party funding from a grant (as opposed to a contract) from the State or Federal government be allowable as third party funding?

A: Yes. The solicitation wording has been changed to the following:
“A third party investor may include entities as another company, a venture capital firm, an individual “angel” investor, federal (non-SBIR), state or local government, or any combinations of the above. The third party investments must be directly tied to the research project envisioned by the application.”

Q: We have an angel investor interested in funding any spin-off business resulting from the proposed Research Alliance partnership. Would this funding count as third-party investment?

A: No. NSF cannot assume that a spin-off would necessarily occur, thus there cannot be a pre-condition on the third party funding based on the establishment of a business. If selected for award, the funding should preferably be available to the Research Alliance at the time of the NSF award, but must be in place no later than the end of the first year of the award, regardless of whether or not a spin-off business has occurred. In addition, there must be a letter of commitment from the expected third party investors in the supplementary documents section of the proposal.

Q: Is funding from a non-profit Foundation suitable as third party investment?

A: Yes.

Q: Would money from another source within the University, separate from the NSF funded center proposing the work, be suitable as a third party investment?

A: The University is not allowed to cost-share.

Q: I have a 12-month appointment, can an appropriate portion of my salary and benefits be counted as an additional third party investment rather than requesting any of my salary from NSF?

A: No because this would be considered cost-sharing by the university and cost-sharing is not allowed.

Q: There are many ways to construct third party investment. How will the choice of third party investment mechanisms be evaluated?

A: The final determination of whether the third party funding mechanism meets the spirit of what the solicitation is trying to accomplish will be determined by the review panel based on the review criteria specified in the solicitation including the following: “Review criteria for the Research Alliance Competition include the following: ...The commitment of the third party investors and the level of

the proposed funding amounts and types (cash and/or in-kind) relative to the work being proposed...”

Q: Would a large private company be eligible as a third party investor?

A: Yes, a large private company would be an eligible third party investor, subject to the stipulations in the solicitation such as letter of commitment in the proposal and availability of funding to the Research Alliance partnership within the first year of the award.

Q: Do I need to submit a letter of commitment from the third party investors with the Letter of Intent (LOI)?

A: No. The letter(s) of commitment must be submitted in the supplementary documents section of the full proposal. The LOI must only include an identification of the potential research parties and third party investors.

Q: May a single small business be a partner in the proposal?

A: A single small business may not be the only partner in the proposal. From the solicitation: “The partner must be another research entity, a small business consortium, or a local or regional innovation entity.” A small business partner, in conjunction with one or more of the potential types of partners listed, would be acceptable.

Q: Company A has offered to pay for filing a patent on one of the ERCs patents, in support of a research group's further research & commercial development of a prototype. In terms of NSF funding in solicitations 10-608, would this count as "third party investment" and enable the researcher to apply for funding from the NSF?

A: Paying for the patent filing costs may count as “third party investment” if securing the patent rights is one of the things that must be done to move the innovation closer to commercialization. But there must be a current cash flow commitment associated with securing the patent at the time of the award. If, for example, Company A had already successfully filed to patent the technology several years earlier, then the legal costs of filing the patent would no longer be a barrier to translating the technology; hence it would not count as a third party investment.